

## Message Text

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65 60

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AGR-05 EB-07 SAJ-01 NIC-01 COME-00 TRSE-00 CEA-01

/082 W

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R 081453Z APR 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 0477

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EAGR, ETRD, EEC, IT, FR

SUBJECT: FRENCH-ITALIAN "WINE WAR"

REF: ROME 4841 AND PREVIOUS

1. SUMMARY. ALTHOUGH GOI HAS ACTED TO BRING FRENCH-ITALIAN "WINE WAR" BEFORE EUROPEAN COURT OF JUSTICE, GOI WILL NOT PROCEED WITH CASE IF SITUATION RESOLVED SATISFACTORILY AT APRIL 15 EC AG MINS MEETING. GOI SEES LARGE SCALE DISTILLATION PROGRAM AS KEY TO RESOLVING PROBLEM. AG MIN MARCORA HAS ALREADY DISCUSSED SITUATION WITH FRG AG MIN ERTL AND GOI WILL PROBABLY HOLD BILATERAL DISCUSSION WITH OTHER EC PARTNERS BEFORE APRIL 15. GOI  
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BELIEVES SPEEDY SOLUTION IS REQUIRED IF IMPLICATIONS FOR EC ARE

NOT TO GO BEYOND CAP. ITALIAN FARMERS THREATEN ORGANIZED PROTESTES ON FRENCH MODEL, WHICH IS CAUSING GOI FURTHER HEADACHE. END SUMMARY.

2. EMBOFF DISCUSSED FRENCH-ITALIAN "WINE WAR" ON APRIL 7 WITH MINISTRY FOREIGN AFFAIRS (MFA) REP CALAMIA (DIRECTOR EC-GATT AFFAIRS), WHOSE OFFICE HAS MFA RESPONSIBILITY FOR THIS MATTER.

3. CALAMIA SAID THAT, WLTHOUGH GOI HAS TAKEN FORMAL STEPS NECESSARY TO BRING MATTER BEFORE EUROPEAN COURT OF JUSTICE, GOI HAS NO RPT NO INTENTION OF PROCEEDING IF MATTER IS RESOLVED SATISFACTORILY AT SPECIAL APRIL 15 EC AG MINS MEETING. IN ABSENCE SATISFACTORY SOLUTION, HOWEVER, GOI WILL CONTINUE COURT ACTION. CALAMIA NOTED THAT COMMISSION HAS UP TO 90 DAYS TO STATE ITS OPINION AND THAT GOI NOT RPT NOT PUSHING FOR RAPID ACTION BY COMMISSION AT THIS POINT.

4. CALAMIA EXPLAINED THAT, IN GOI VIEW, MASSIVE DISTILLATION PROGRAM IS KEY TO PROBLEM. HE NOTED THAT GOI AND GOF WOULD LIKE TO SEE UP TO 23 MILLION HECTOLITERS OF WINE DISTILLED FOR INDUSTRIAL ALCOHOL, BUT THAT IT UNREALISTIC TO THINK THAT MINISTERS WOULD APPROVE SUCH LARGE SCALE PROGRAM, WHICH IS ESTIMATED TO COST ABOUT \$500 MILLION. GOI THEREFORE EXPECTING SOMETHING LESS TO COME OUT OF APRIL 15 MEETING. WITHOUT SUBSTANTIAL DISTILLATION PROGRAM, HOWEVER GOI BELIEVES GOF WILL BE UNABLE REOPEN FRENCH MARKET TO FOREIGN (INCLUDING ITALIAN) WINES. GOI WILL THEREFORE PUSH HARD FOR LARGE-SCALE DISTILLATION PROGRAM. CALAMIA NOTED THAT SUBSIDIZED EXPORTS TO NONTRADITIONAL MARKETS NOT RPT NOT A REALISTIC SOLUTION BECAUSE OF RELATIVELY SMALL AMOUNT, COMPARED TO SIZE OF SURPLUS, LIKELY TO BE SOLD AND PROBABLE ADVERSE REACTION BY EC CONSUMERS (READ UK VOTERS).

5. ACCORDING CALAMIA, AG MIN MARCORA MET WITH FRG AG MIN ERTL LAST WEEK TO DISCUSS WINE PROBLEM. MARCORA REPORTEDLY FOUND ERTL "WELL DISPOSED TO EXAMINE THE PROBLEM" AND LATTER "REALIZED SOMETHING HAS TO BE DONE."

6. CALAMIA EMPHASIZED THAT, AT PRESENT, "WINE WAR" HAS NO RPT NO IMPLICATIONS BEYOND CAP BUT THAT, IF MATTER NOT RPT NOT LIMITED OFFICIAL USE

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RESOLVED AT APRIL 15 MEETING, IT COULD AFFECT EC POLITICAL-ECONOMIC COOPERATION. MOREOVER, HE SAID, ITALIAN FARMERS HAVE TOLD GOI REPS THAT, IF MATTER NOT SPEEDILY AND SATISFACTORILY RESOLVED, THEY WILL FEEL CONSTRAINED TO MOUNT EXTENSIVE PROTEST CAMPAIGN ON FRENCH MODEL. GOI DISTURBED BY PUBLIC ORDER IMPLICATONS OF SUCH PROTESTS AND WILL MAKE EVERY EFFORT RESOLVE PROBLEM ON APRIL 15.

7. CALAMIA INDICATED WINE SITUATION IS CREATING PROBLEMS FOR MAGHREB NEGOTIATIONS. TUNISIANS APPARENTLY WANT SPECIAL ARRANGEMENTS FOR THEIR WINE WHILE PRESENT ALGERIAN ARRANGEMENT MUST BE RENEGOTIATED. GOI NOT PRESENTLY DISPOSED AGREE TO SUCH NEW ARRANGEMENTS, BUT COULD BE PERSUADED IF COST WAS BORNE BY ENTIRE COMMUNITY, NOT JUST ITALY AND FRANCE, I.E., ADEQUATE FINANCIAL OR OTHER COMPENSATION FROM OTHER EC MEMBERS TO FRENCH-ITALIAN VITICULTURISTS.

8. WHILE GOI POLICY IS TO AVOID EXACERBATING SITUATION BEFORE APRIL 15 MEETING, CUSTOMS OFFICIALS AT FRENCH BORDER POSTS, APPARENTLY ACTING ON OWN INITIATIVE, HAVE BEGUN SCRUTINIZING DOCUMENTATION OF FRENCH AGRICULTURE EXPORTS TO ITALY WITH EXTREME CARE, THEREBY DELAYING SUCH SHIPMENTS FOR SEVERAL HOURS OR MORE. SUCH DELAY CAUSES LOSS TO FRENCH SHIPPERS, AS CATTLE DIE ENROUTE AND DAIRY PRODUCTS DETERIORATE.

9. COMMENT. EMBASSY ANTICIPATES GOI WILL HOLD EXTENSIVE BILATERAL CONSULTATIONS WITH ITS EC PARTNERS THIS WEEK IN ORDER LAY GROUNDWORK FOR SUCCESSFUL RESOLUTION OF PROBLEM ON APRIL 15. AT THIS POINT GOI'S GREATEST FEAR APPEARS TO BE WIDESPREAD ORGANIZED PROTEST CAMPAIGN BY ITALIAN VITICULTURISTS, WHOSE ACTION PROBABLY CANNOT BE DELAYED MUCH BEYOND APRIL 15. CONSEQUENTLY, GOI'S FREEDOM OF ACTION IS SIGNIFICANTLY LIMITED BY DOMESTIC POLITICAL-ECONOMIC CONSTRAINTS. BEAUDRY

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, BOYCOTTS, WINES, CARGO SHIPS  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
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**Disposition Event:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
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**Page Count:** 3  
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**Reference:** 75 ROME 4841  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 17 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <17 APR 2003 by BoyleJA>; APPROVED <21 MAY 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FRENCH-ITALIAN "WINE WAR"  
**TAGS:** EAGR, ETRD, IT, FR, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006